

## Message Text

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ACTION IO-14

INFO OCT-01 ARA-10 EUR-12 ISO-00 IOE-00 ACDA-07  
CIAE-00 INR-07 L-03 NSAE-00 NSC-05 EB-07 NRC-05  
OES-07 FEAE-00 DODE-00 ERDA-05 SS-15 SP-02 PM-04  
/104 W  
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P 081710Z JUN 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 2042

INFO USERDA HQ WASHDC PRIORITY

USERDA HQ GERMANTOWN PRIORITY

AMEMBASSY BUENOS AIRES PRIORITY

AMEMBASSY LIMA PRIORITY

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USIAEA

DEPT PASS IO/SCT

E.O. 11652: GDS

TAGS: IAEA, TECH, AR, PE, US

SUBJECT: RESEARCH REACTOR FUEL REPROCESSING AND ARGENTINA-PERU

NUCLEAR AGREEMENT

REF: (A) BUENOS AIRES 4018, (B) BUENOS AIRES 4139

1. SHORTLY BEFORE RECEIPT REF A, AGENCY SAFEGUARDS STAFF MEMBER CONTACTED MISOFF INFORMALLY TO DISCUSS ARRANGEMENTS FOR TRANSFER OF RESEARCH REACTOR AND FUEL FROM ARGENTINA TO PERU, SINCE, ACCORDING TO PRESENT PLANS, U.S.-ORIGIN SPECIAL NUCLEAR MATERIAL (SNM) WOULD BE INVOLVED. MAIN THRUST OF DISCUSSION WAS QUERY AS TO WHETHER WE THOUGHT U.S. APPROVAL WOULD BE REQUIRED FOR TRANSFER FROM ARGENTINA TO PERU OF FUEL CONTAINING SNM OF U.S.-ORIGIN WHICH IS CURRENTLY SUBJECT TO AGENCY/ARGENTINE PROJECT AGREEMENT (INFCIRC/62) COVERING RA-3

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REACTOR. (REFERENCES IN PARA 5 REF A TO IAEA-SUPPLIED FUEL FOR RA-1 APPEAR TO BE AN ERROR; AGENCY POINTS OUT THAT RA-0 AND RA-1 USE 20 PERCENT ENRICHED MATERIAL AND RA-2 AND RA-3 USE 90 PERCENT ENRICHED MATERIAL; THE ONLY U.S.-ORIGIN MATERIAL SUPPLIED SO FAR THROUGH THE AGENCY TO ARGENTINA IS FOR RA-3). PRELIMINARY AGENCY REACTION IS THAT U.S. APPROVAL APPARENTLY WOULD NOT RPT NOT BE REQUIRED.

2. MISOFF PROMISED TO LOOK INTO MATTER AND SEEK GUIDANCE FROM WASHINGTON. REFTELS PROVED HELPFUL IN PROVIDING NEEDED BACKGROUND. IT IS EVIDENT THAT ARGENINES HAVE ALSO RAISED INFORMALLY VARIOUS OPTIONS WITH IAEA.

3. WE HAVE LIMITED OURSELVES THUS FAR ONLY TO ADDRESSING AGENCY'S SPECIFIC QUERY, WITHOUT REGARD TO OTHER CONSIDERATIONS. BASED ON OUR CURSORY REVIEW OF INFIRC/62, WE SEE NO RPT NO SPECIFIC PROVISION GIVING THE U.S. ANY RIGHT OF APPROVAL FOR RETRANSFER OF U.S.-SUPPLIED MATERIAL, BUT THE MATTER IS EXTREMELY COMPLEX, I.E., INFIRC/62 CONTAINS NUMEROUS INTERLINKS THROUGH CROSS REFERENCES TO PROVISIONS OF OTHER DOCUMENTS, SUCH AS U.S./IAEA AGREEMENT FOR COOPERATION, ARTICLE XII OF AGENCY'S STATUTE, U.S./IAEA/ARGENTINA TRILATERAL SAFEGUARDS TRANSFER AGREEMENT DATED DECEMBER 2, 1964 (WHICH HAS SINCE BEEN SUPERSEDED), AGENCY'S EARLIER SAFEGUARDS DOCUMENT (INFIRC/26) AND INSPECTORS DOCUMENT GC(V)/INF/39, AND, ACCORDINGLY, WE DO NOT RPT NOT RULE OUT POSSIBILITY THAT, THROUGH INTERPRETATION OR OTHERWISE, U.S. MIGHT, IN FACT, HAVE SUCH RIGHTS. THIS REQUIRES MORE DETAILED LEGAL STUDY, AND WE WOULD BE INTERESTED IN DEPT/ERDA VIEWS. WE HAVE CONCLUDED THAT, IN ANY EVENT, MATTER WOULD DEFINITELY HAVE TO BE REFERRED TO BOARD OF GOVERNORS (SEE SECTION 8 OF INFIRC/62) IF SUPPLIED MATERIAL IS TO BE TRANSFERRED OUT OF ARGENTINA.

4. FOLLOWING ADDITIONAL INFO SURFACED DURING DISCUSSION:

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(A) ARGENTINA REPORTEDLY HAS SPECIFICALLY REQUESTED THAT AGENCY APPLY ITS SAFEGUARDS TO REACTOR AND FUEL BEING LOANED TO PERU.

(B) PERU, AS AN NPT PARTY, WAS FURNISHED DRAFT NPT SAFEGUARDS AGREEMENT BY AGENCY IN JULY 1976. FOLLOW-UP LETTERS WERE SENT IN SEPTEMBER 1976 AND IN APRIL 1977, BUT AGENCY HAS HEARD NOTHING IN RESPONSE FROM PERU.

(C) ARGENTINA ACTUALLY PLANS TO TRANSFER TWO REACTORS TO PERU INSTEAD OF ONLY ONE. ONE WOULD BE A ZERO POWER FACILITY SIMILAR TO RA-2, AS NOTED PARA 5 REF A, AND THE OTHER WOULD BE A FACILITY SIMILAR TO RA-3. BOTH FACILITIES WOULD USE 90 PERCENT ENRICHED URANIUM.

5. MISSION WOULD APPRECIATE RESPONSE PER PARA 3 ABOVE, AND WE WOULD ALSO LIKE TO BE KEPT INFORMED ON THIS MATTER. LABOWITZ

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## Message Attributes

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Margaret P. Grafeld  
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